

Message Text

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60-43

ACTION EA-14

INFO OCT-01 EUR-25 ADP-00 PM-07 SS-15 OMB-01 TRSE-00 SSO-00

NSCE-00 USIE-00 INRE-00 CIAE-00 DODE-00 H-03 INR-10

L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 AID-20 IO-13

RSR-01 /128 W

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O R 21115Z JUL 73

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC IMMEDIATE 4946

INFO AMEMBASSY BUDAPEST

AMEMBASSY JAKARTA

AMEMBASSY OTTAWA

AMEMBASSY WARSAW

USDEL JEC PARIS

C O N F I D E N T I A L SAIGON 13207

C O R R E C T E D C O P Y - T E X T

E.O. 11652: GDS

TAGS: MARR VS

SUBJECT: ICCS FINANCES

REF: STATE 143674

1. MINPOL CALLED ON KY, POLITICAL ADVISER TO FOREIGN MINISTER, JULY 21 TO EXPLORE POSSIBILITY OF ACCEPTING ICCS BUDGET AT 35 MILLION DOLS (RATHER THAN 43 MILLION) SUBJECT TO LATER REVIEW AS REQUIRED. WE STRESSED US VIEW THAT ACCEPTANCE OF BUDGET NECESSARY AS SOON AS POSSIBLE IN ORDER CREATE SOUND LEGAL BASIS TO DEMAND OTHER TWO PARTIES PAY UP OBLIGATIONS. IN DOING SO, WE REFERRED TO PROTOCOL ARTICLE 14(D).

2. KY LISTENED ATTENTIVELY AND APPEARED TO AGREE WITH THE PROCEDURE. HE NOTED THAT HE HAD FORWARDED THE ICCS BUDGET TO OFFICE OF PRIME MINISTER UPON RECEIPT, BUT DID NOT HAVE ANY
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REACTION AS YET FROM THAT OFFICE, ALTHOUGH HE HAD MADE A SECOND INQUIRY. KY SAID THAT 43 MILLION WAS A HIGH FIGURE; BUT PEOPLE ALWAYS ASK FOR MORE THAN THEY NEED OR EXPECT TO GET. HE THOUGHT, FOR EXAMPLE, THAT ICCS HAD ASKED FOR TOO MANY HELICOPTERS, ICCS HAD PROBABLY OVERESTIMATED COSTS INVOLVED IN INVESTIGATIONS, ETC. HE SEEM PLEASED AT OUR PROPOSAL TO REDUCE BUDGET TO 35 MILLION.

3. KY SAID HIS GOVERNMENT FELT STRONGLY HOWEVER THAT TWO OTHER PARTIES SHOULD COMPLETE SECOND TRANCHE PAYMENT. FAILURE TO DO SO SHOWED LACK OF INTEREST IN FURTHERING ICCS OPERATIONS, AND HIS GOVERNMENT WOULD FIND IT DIFFICULT TO APPROVE BUDGET UNTIL OTHER SIDE HAD PAID UP IN FULL AS HAD US AND HIS GOVERNMENT. MINPOL POINTED OUT THAT ALTHOUGH GVN AND US HAD DONE CONSIDERABLY MORE THAN PROTOCOL REQUIRES IN MAKING SECOND PAYMENT IN FULL, PRG AND DRV HAD ALSO GIVEN SOMETHING IN ADVANCE OF PROTOCOL COMMITMENT.

4. KY SAID THAT FAILURE TO PAY SECOND TRANCHE DID NOT, REPEAT NOT, MEAN THAT PRG AND DRV HAD NO MONEY; ON THE CONTRARY, HE BELIEVED THAT BOTH SIDES WERE ABLE TO PAY WITHOUT DIFFICULTY AND BOTH COULD OBTAIN ASSISTANCE, IF REQUIRED, FROM QUOTE WEALTHY FRIENDS UNQUOTE.

5. KY INDICATED HIS GOVERNMENT MIGHT WAIT FOR QUESTION CANADA'S REPLACEMENT TO BE SETTLED BEFORE APPROVING BUDGET. MINPOL POINTED OUT THAT FINANCIAL CRISIS ICCS FACES WOULD NOT PERMIT DELAY AND SUGGESTED TWO QUESTIONS SHOULD NOT BE CONFUSED. MINPOL STRESSED THAT, SINCE APPROVAL BY FOUR PARTIES OF ICCS BUDGET WAS A BEGINNING TO SOLVING CURRENT ICCS FINANCIAL DIFFICULTIES AND TO LEGALLY OBLIGATING DRV/PRG TO PAY THEIR SHARE, IT SHOULD BE ACCOMPLISHED AS SOON AS POSSIBLE.

6. KY ASKED MINPOL FOR MEMORANDUM WHICH HE COULD USE AS BASE FOR TRYING TO GET RAPID DECISION. HE BELIEVED INTERMINISTERIAL MEETING WOULD BE REQUIRED, AND HE WOULD ASK THAT ONE BE CONVENED IN ORDER TO TRY TO SOLVE MATTER AS QUICKLY AS POSSIBLE.

7. COMMENT: EMBASSY PREPARING TO PRESENT MEMORANDUM ON MONDAY. JULY 23.

IT WOULD BE HELPFUL IF WE COULD PASS ON TO ICCS-NUR THE 35
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MILLION DOLLAR FIGURE, IF ONLY ON AN UNOFFICIAL BASIS, SO THAT ICCS CAN START LOOKING FOR OPPORTUNE CUTS. WHILE US COULD PROPOSE SPECIFIC CUTS, SUCH AS TRANSPORTATION, PER DIEM, ETC., WE BELIEVE BEST PROCEDURE WOULD BE AT THIS STAGE SIMPLY TO INFORM ICCS OF LIKELYHOOD US WILL SUPPORT BUDGET ONLY OF 35 MILLION AND LET THEM BEGIN TO MAKE THE DECISIONS. REQUEST AUTHORITY TO DO THIS.

MARTIN

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NNN

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